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December 9, 2003

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: WT Docket No. 02-55  
*Ex Parte Presentation*

Dear Ms. Dortch:

On Monday, December 8, 2003, Lawrence Krevor, Vice President – Government Affairs, Nextel Communications, Inc. (“Nextel”), Dr. Kostas Liopiros, Founder and Principal of the Sun Fire Group, and I met with Paul Margie, Spectrum and International Legal Advisor, Office of Commissioner Copps, regarding the Commission’s above-captioned rulemaking on public safety communications in the 800 MHz band. During this meeting, we discussed the study authored by Dr. Liopiros entitled “The Consensus Plan: Promoting the Public Interest – A Valuation Study,” filed with the Commission on Thursday, November 20, 2003. In his study, Dr. Liopiros shows that the demonstrated public interest benefits of the Consensus Plan – including improved public safety communications and elimination of the 800 MHz interference that jeopardizes the lives, safety, and effectiveness of our nation’s first responders – are substantial and recurring. Dr. Liopiros’ study further demonstrates that the spectrum swaps proposed by the Consensus Plan are equitable, and will in no way give any licensee a “windfall” benefit. Attached to this letter is a copy of a slide presentation provided to Mr. Margie that presents the key points and findings of Dr. Liopiros’ study.

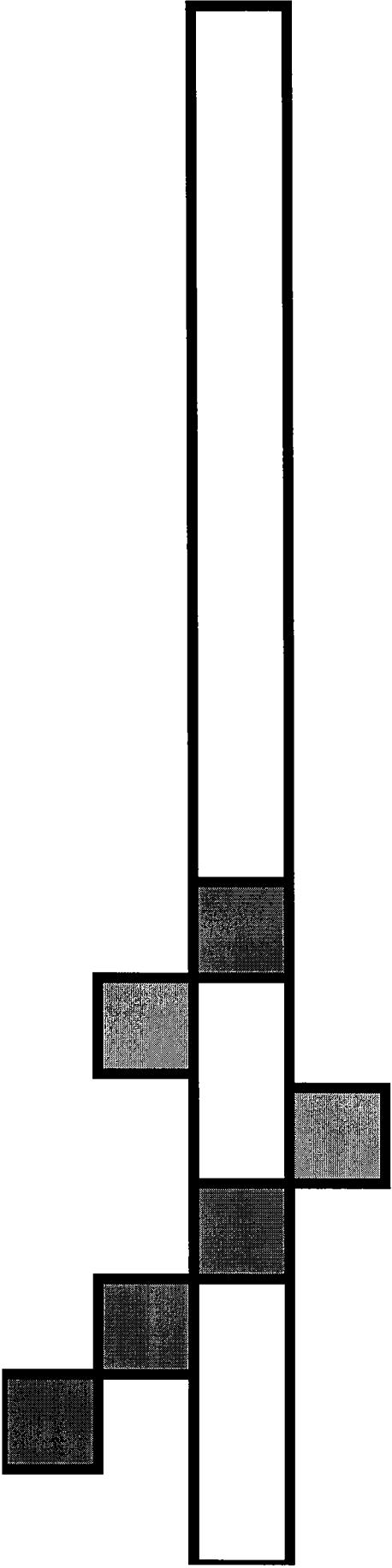
Pursuant to section 1.1206(b)(2) of the Commission’s rules, 47 C.F.R. § 1.1206(b)(2), this *ex parte* notification and the attachment are being filed electronically for inclusion in the public record of the above-referenced proceeding.

Sincerely,

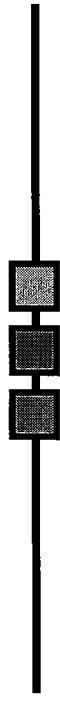
/s/ Regina M. Keeney  
Regina M. Keeney

Attachment

cc: Paul Margie

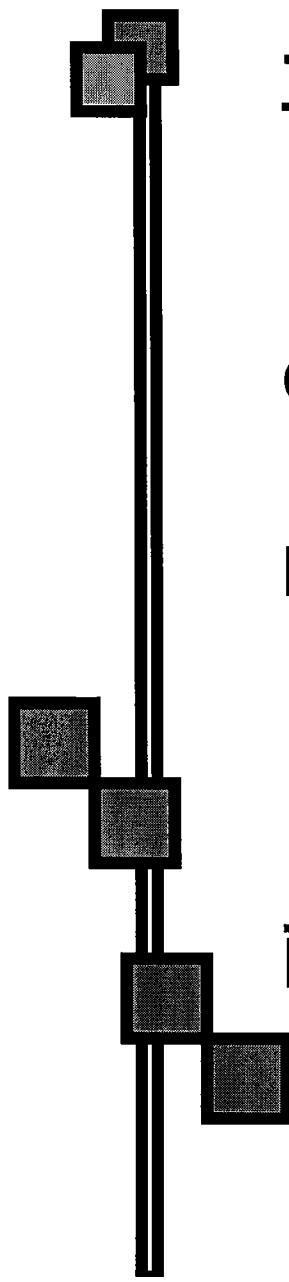


# The Consensus Plan: Promoting the Public Interest A Valuation Study



Prepared for Nextel Communications, Inc

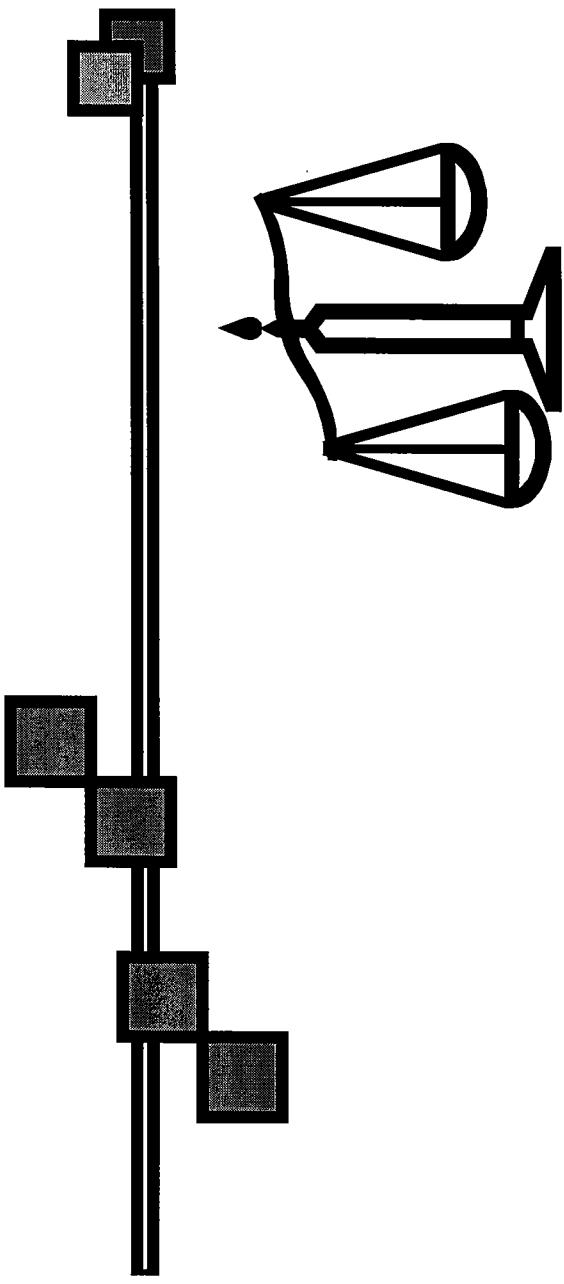
Dr. Kostas Liopiros  
Sun Fire Group LLC  
Alexandria VA 22304  
December 2003



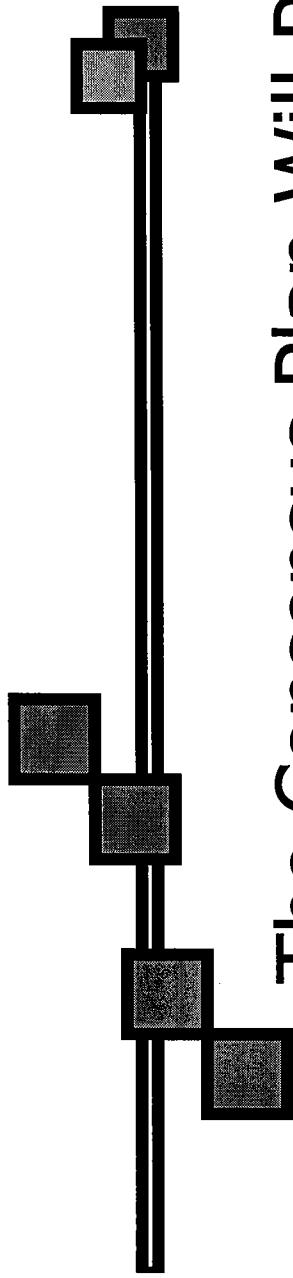
There are Two Overarching Issues in  
this Proceeding

- Public Benefits vs. Government Cost
- Nextel's Benefits vs. Consensus Plan Cost

The FCC Should Focus on the Consensus  
Plan's Substantial Public Benefits



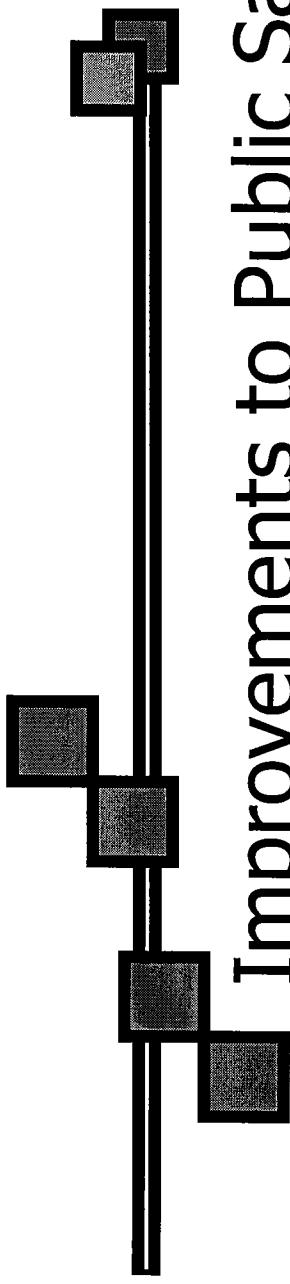
The Substantial and Ongoing  
Public Benefits far Outweigh the  
Cost to the Government in terms  
of Forgone Spectrum Auction  
Revenues



## The Consensus Plan Will Provide Substantial Enhancement to Public Safety Communications

- Remedyng interference to Public Safety
- Providing additional spectrum for Public Safety Communications

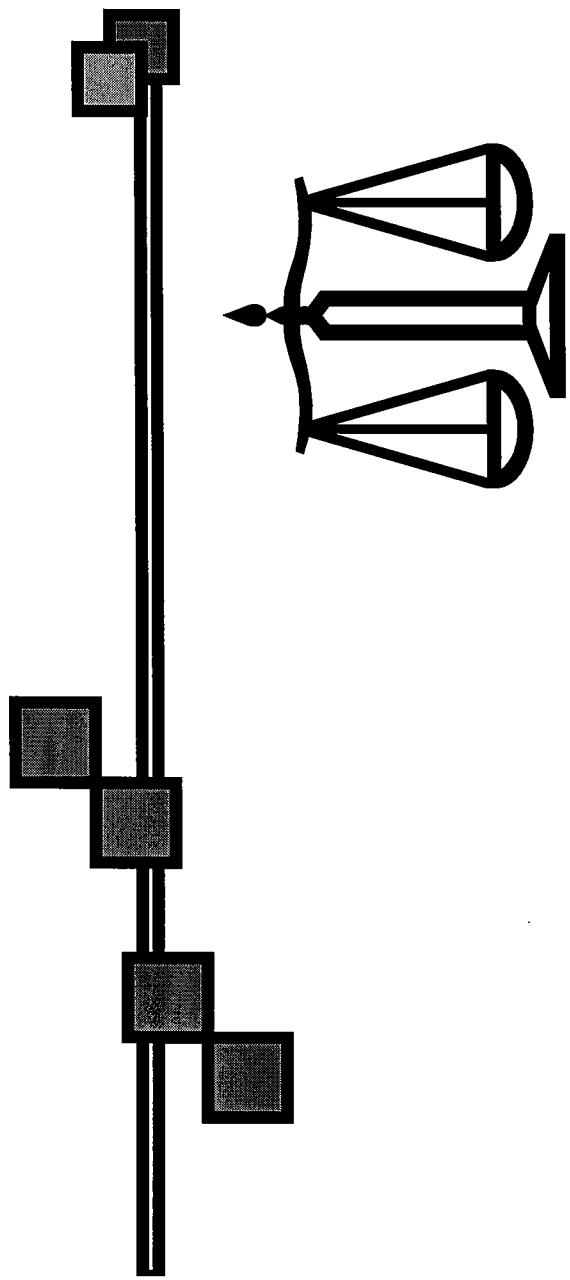
**By Contrast, Case-by-Case Mitigation Would Provide Lesser Benefits and Impose Ongoing Burdens on Public Safety Operators**



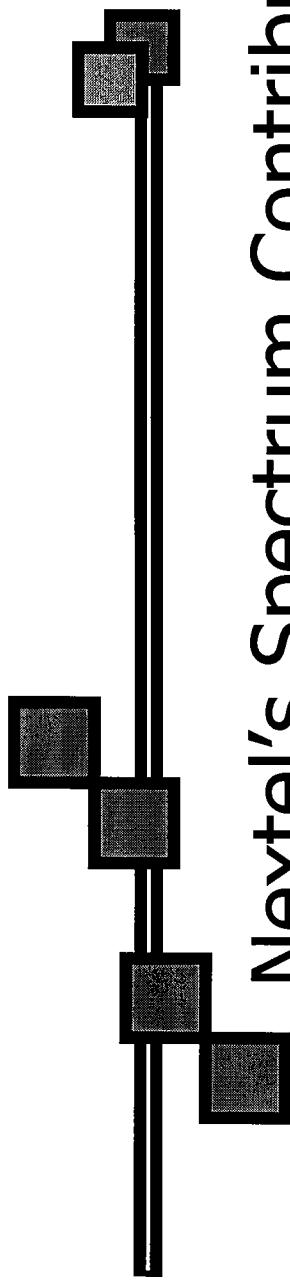
## Improvements to Public Safety Communications Will Provide Very Substantial Public Benefits

- Saving lives
- Reducing Economic Loss due to Terrorism, Crime, Fire and Other Disasters

Americans Demand an Effective Government Response to Public Safety Communications Problems

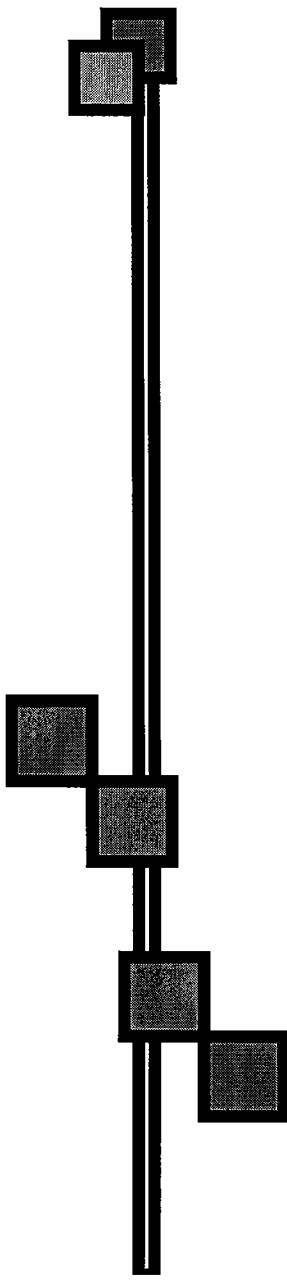


The Spectrum Exchange Involves  
Spectrum of Comparable Value  
and Will Not Give Nextel a Windfall



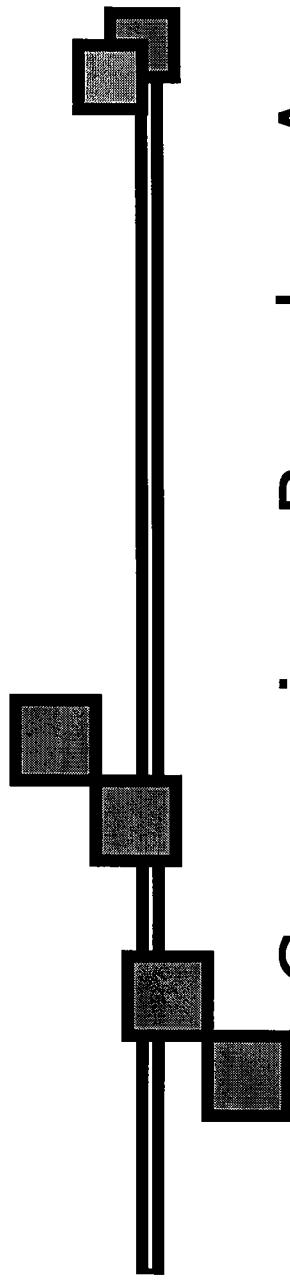
## Nextel's Spectrum Contribution is Comparable to the 1.9 GHz Spectrum Received

- A "kHz for kHz" Comparison
- Comparison Based on Acquisition Costs and PCS A and B Block Auction Prices
- Comparison Based on Recent Private Transactions



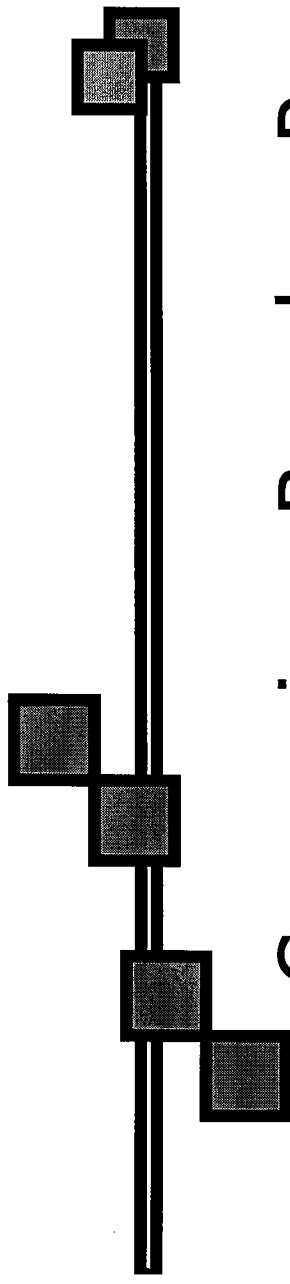
## "kHz for kHz" Comparison

- A Net Loss of Spectrum
  - 10.5 MHz of Spectrum in Exchange for 10 MHz
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



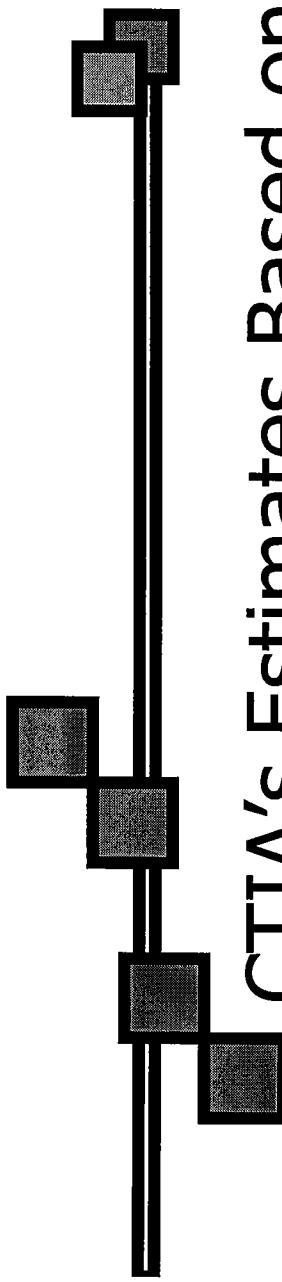
## Comparison Based on Acquisition Costs and PCS A and B Block Auction Prices

- The value of the 10.5 MHz Nextel would surrender *is greater* than the value of the 10 MHz of replacement spectrum it would receive
  - Nextel paid approximately \$2 Billion in FCC auctions and private transactions for the 10.5 MHz it would surrender
  - Based on A and B Block Auction Prices (1994), CTIA valued 10 MHz of Spectrum at approximately \$1.3 Billion
  - A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



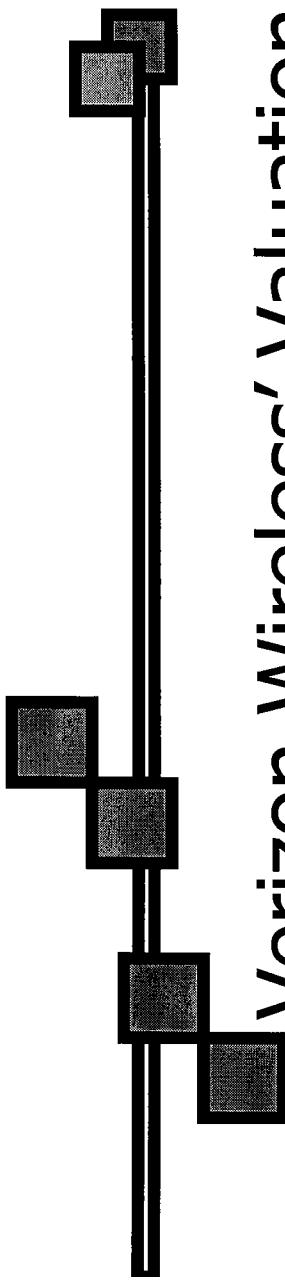
## Comparison Based on Recent Private Transactions

- Nextel's Spectrum Contributions under the Consensus Plan approximate the value of the 1.9 GHz replacement spectrum
  - Nextel Spectrum Contributions can be valued at about \$3.4 Billion
  - 1.9 GHz Replacement Spectrum can be Valued at about \$3.5 Billion
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



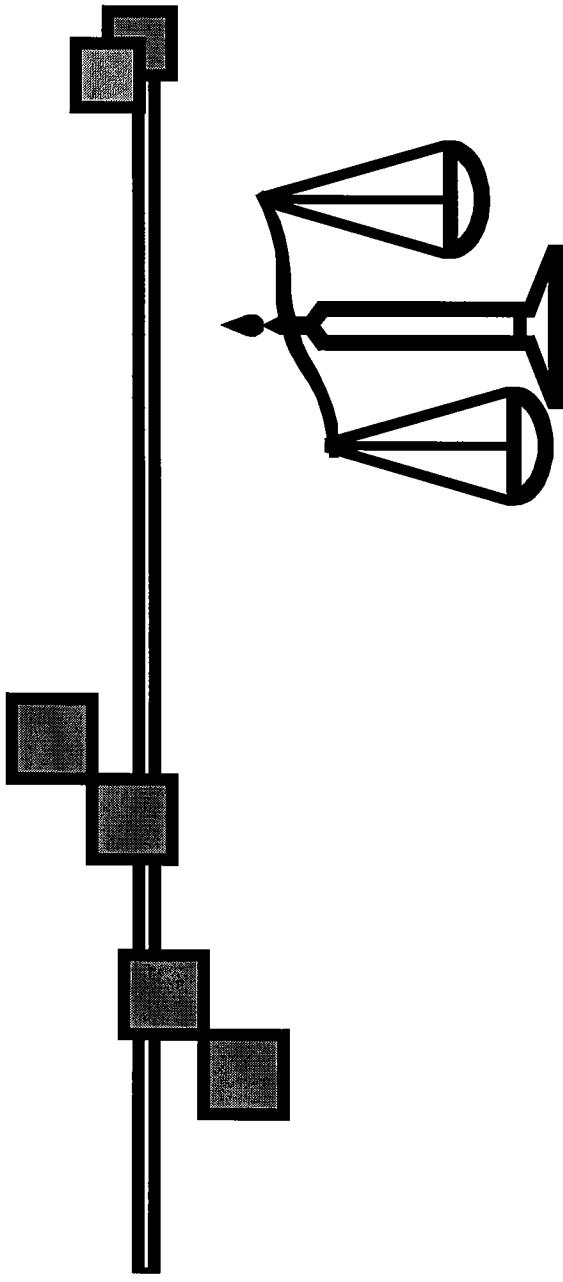
## CTIA's Estimates Based on Average Prices of Two Recent Private Transactions Significantly Overstate the Value of the G Block

- Both transactions involved primarily large markets -- inflating the average price
- A reliable estimate of the value of a nationwide license would use a representative selection of small, medium and large market transactions



## Verizon Wireless' Valuation Overvalued 1.9 GHz While Undervaluing 700/800/900 MHz spectrum

- Ignored taxes
- Underestimated value of customer relationship
- Did not take into account variation of value of spectrum license with market size
- Added an equity control premium
- Ignored current reality and future uncertainty in trend towards high speed data service



- The Demonstrated Benefits of the Consensus Plan are Substantial, Recurring and Far Outweigh One-time Costs to the Government
- Spectrum swaps proposed by the Consensus Plan are comparable in value and give no licensee a "windfall"